



Public Service Commission of Wisconsin

Eric Callisto, Chairperson
Mark Meyer, Commissioner
Lauren Azar, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

July 28, 2009

Re: WI Act 28 Implementation of Assessment Changes

To: Telecommunications and Cellular Mobile Radio Services Providers

The 2009 WI Act 28 has created two new assessments for all telecommunications entities in Wisconsin including CMRS providers. The statute also amended the Universal Service Fund statute to include CMRS providers as billable entities for that program's costs. WI Act 28 made these three changes effective September 1, 2009. Here is a brief explanation of these assessments.

The Police and Fire Protection assessment, created under s. 196.025, is a fee that implements a monthly assessment of 75 cents per landline and cellular line and a 38 cent fee on certain transactions related to retail sales of prepaid wireless telecommunications plans. Providers need to set up their respective billing systems to collect this fee beginning September 1, 2009. The Public Service Commission (PSC) and the Department of Revenue (DOR) are working together to implement instructions for collection of the retail fee.

There are many questions about the details of how these fees should be billed and the assessments collected. We are working on the preparation of some FAQs to set forth reasonable guidelines. Please look to the PSC website (<http://psc.wi.gov/>) in the coming days as we try to address some logical details and to answer some of the more frequently asked questions.

In the next few weeks, the PSC and DOR will be providing further instructions on where to send payments for the Police and Fire Protection assessments. The DOR and PSC may undertake rule making in the future as relates to this program.

The Universal Service Fund assessment finances several programs, including the PSC's USF programs, TEACH, the UW system, DPI-BadgerLink programs. Most telecommunications providers have been, and will continue to be, billable for the USF. In addition, WI Act 28 makes clear that CMRS providers are subject to the state USF assessments. Each fall, typically in October, the PSC calculates an assessment factor applicable to each of the billings under the program based on reported assessable revenues (certain entities under \$200,000 in assessable revenues are not subject to the monthly assessment; this will also include CMRS providers as well). The billing factors are usually calculated in September after the PSC has all telecommunications companies' revenues available. CMRS providers are subject to the assessment beginning September 1, but because the new billing factors are not established and will not be billed until the October monthly assessment, those newly assessable providers will receive an invoice for September as well. Providers who paid the September USF assessment as

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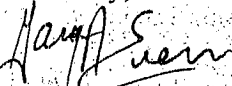
billed will eventually have an assessment credit figured into amounts owed. These adjustments will occur in either October or November. USF assessment billings for the 12 months beginning in October 2009 are expected to produce approximately \$55,000,000. (Section 2460d of WI Act 28 adds CMRS providers to the USF assessments.)

The Telecommunications Utility Trade Practices assessment will be an annual assessment currently set for the next two years at \$415,800 each year. This assessment is legislatively mandated to support certain consumer protection functions of the Department of Agriculture, Trade and Consumer Protection. The assessment will be invoiced by the PSC prior to September 30, 2009, with payments due 30 days after the issue of the invoice date. The assessment is based on revenues reported by all entities subject to the billing. For most providers it will be a small assessment amount.

The PSC is currently working on collecting revenue figures from those entities subject to the billing who normally did not report revenues to the PSC via the annual report information collection each April (see WI Act 28 Section 2476).

Please ensure that the appropriate staff in your organizations are aware of these upcoming changes and watch for further instructions.

Sincerely,



Gary A. Evenson

Administrator

Telecommunications Division

cc: Gordy Grant
Nick Linden
Sarah Klein
Janet Abrams - DOR